GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3436
ANSWERED ON:20.03.2001
HIKE IN UREA PRICES
RAMSHETH THAKUR

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) Whether the Expenditure Reforms Commission has recommended for hike in ureaprices to bring it on par with the production cost; and

(b) if so, the steps being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) : The Expenditure Reforms Commission (ERC) has in its report entitled 'Rationalising Fertilizer Subsidies' recommended inter-alia "a 7% increase in the price of urea in real terms every year from 1.4.2001. This way the open market price will reach Rs.6903 by 1.4.2006, a level at which the industry can be freed from all controls and be required to compete with imports, with variable levy ensuring availability of such imports at the farm gate at Rs. 7000 per tonne of urea."

(b) : The Finance Minister, while referring to the Government's decision regardingthe implementation of the recommendations of the ERC duringhis speech presenting Central Government's Budget for 2001-2002, announced that the current MaximumRetail Price (MRP) arrangement will be continued. Other recommendations of the ERC are under examination of the Government.